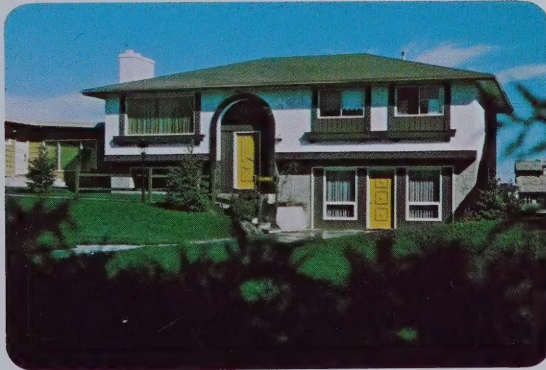




nu·west

DEVELOPMENT CORPORATION LTD.



ANNUAL
REPORT
1973

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DIRECTORS

Richard C. Baxter, B.Comm.,
Vancouver, B.C.,
President, R.C. Baxter Ltd.

Olin E. Buker,
Calgary, Alberta
Partner, Richardson Securities of Canada

Harris G. Field, Q.C.,
Edmonton, Alberta,
Partner, Field Hyndman,
Barristers and Solicitors

M. Rodney Gerla, B.Comm., C.A.,
Calgary, Alberta,
Vice-President, Operations

Bruce A. Lawrence, P. Eng., A.L.S.,
Calgary, Alberta,
Vice-President, Land

Chesley J. McConnell, P. Eng.,
Edmonton, Alberta

Werner D. Mross,
Calgary, Alberta,
Vice-President, Housing

Ralph T. Scurfield, B.Sc.,
Calgary, Alberta,
President

OFFICERS

R. T. Scurfield, B.Sc.,
President

C. J. McConnell, P.Eng.,
Senior Vice-President

M.R. Gerla, B.Comm., C.A.
Vice-President, Operations

B.A. Lawrence, P.Eng., A.L.S.
Vice-President, Land

W. D. Mross
Vice-President, Housing

John H. Shields, B.Comm., C.A.
Vice-President, Finance & Corporate Treasurer,

D. B. Watson, B.A., LL.B.,
Secretary & General Counsel

Auditors

Winspear Higgins Stevenson & Co.
Head Office: 800 - 36 Toronto, Street,
Toronto, Ontario M5C 2C7
Calgary Office: 970 Bow Valley Square,
Calgary, Alberta T2P 2R9

Transfer Agents and Registrars

Montreal Trust Company
Head Office: 755 Dorchester Blvd. W.
Montreal, Quebec, Canada
Calgary Office: 411 - 8 Avenue S.W.
Calgary, Alberta, Canada

Stock Listed

Toronto Stock Exchange
Symbol NUW

Subsidiaries and Affiliates

Carma Developers Ltd.	37.2%
Nu-West Construction Products Ltd.	100
Nu-West Mortgage and Investments Ltd.	100
Nu-West Real Estate Ltd.	100
Ashford Insurance Services Ltd.	100
Cairns Homes (1972) Ltd.	100
Nu-West has a substantial but non-controlling interest in Datamation Centres (1971) Ltd., B.A. Lawrence & Associates Ltd., and Turner Lumber & Supplies Ltd.	



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DEVELOPMENT CORPORATION LTD.

INTERIM REPORT-JUNE 30,1973

Report to Shareholders for the six months ended June 30, 1973

Net income for the six months ended June 30, 1973 was \$1,760,000 or \$1.02 per share compared with \$617,000 or 36¢ per share for the same period last year.

This growth in net income is primarily due to improved profit margins, largely as a result of increased efficiency and faster turnover.

Housing sales have continued at a high level during the first half of 1973 in almost all areas of operation. At the end of June we were ahead of our projections in housing sales, in mortgage approvals and in occupancies by customers.

Our land sales have also exceeded projections with closings for 1973 of \$5,420,000 compared with \$1,719,000 during the first six months of 1972. Additional new subdivisions will be marketed in the next few months. During the past months substantial additions have been made to our supply of land held for future development. Land held for future development as of June 30, 1973, totals approximately 2,929 acres as compared to 2,691 acres reported at the end of 1972. Carma Developers Ltd., 35.4% owned by Nu-West, also has increased its land holdings and at June 30, 1973 Carma owned or controlled approximately 8,750 acres. These factors will provide an increasing supply of land for our own building program and the sale of lots to other parties.

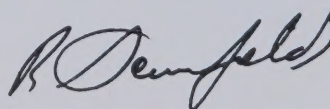
Some highlights of this year's program include the opening of our first British Columbia land development project, Dartmoor Highlands, and the opening of the Surrey Meadows condominium project, both in the Vancouver area. These projects are part of our increasing penetration of this important market.

Our subsidiary operations have contributed more than anticipated to first half profits, particularly Turner Lumber and Building Supplies. Our Resource Community and Contract Division has recently negotiated a \$1,400,000 addition to its housing contracts in Elkford and has also received approval on a \$800,000 condominium project in Banff. Apartment rentals have been soft in the Calgary area and while our revenue from this source has increased it has been less than projected. However, an additional emphasis on marketing is resulting in improvements in our occupancy rates.

Your Company's housing starts and sales are continuing at a very high level. In anticipation of mortgage rates increasing we have arranged for most of the funds required for this year — in many cases at rates that are below the current market.

Because of the strength of our housing and land sales, our basic business, we are again ahead of our targets. We now expect to substantially exceed our goal of a 20% increase in earnings per share in 1973 compared to 1972.

On behalf of your Board of Directors,



R.T. Scurfield,
President.

Cover photograph shows servicing of land in the new Lynnwood Ridge community. Phase 1 lot draw of 210 lots took place in July and was completely sold out.

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DEVELOPMENT CORPORATION LTD.

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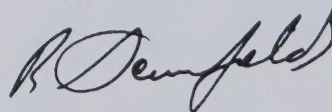
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On behalf of your Board of Directors,



R.T. Scurfield,
President.

Cover photograph shows servicing of land in the new Lynnwood Ridge community. Phase I lot draw of 210 lots took place in July and was completely sold out.

**NU-WEST DEVELOPMENT CORPORATION LTD.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)**

	Six Months Ended June 30	
	1973	1972
	(Restated)	
Revenue		
Housing	\$23,215,424	\$17,938,627
Land	5,421,251	1,719,162
Rental	870,631	605,810
Other	550,544	397,584
	<u>30,057,850</u>	<u>20,661,183</u>
Cost of Sales and Operating		
Expenses	26,494,322	19,137,749
Interest	995,224	592,884
Depreciation	98,737	100,702
Amortization of organization and financing costs	6,900	6,900
	<u>27,595,183</u>	<u>19,838,235</u>
Income from Operations	2,462,667	822,948
Income taxes - Current	583,791	280,699
- Deferred	668,249	110,201
	<u>1,252,040</u>	<u>390,900</u>
Net income before the undernoted	1,210,627	432,048
Equity in net income, after income taxes, of Carma Developers Ltd. and other affiliates	473,334	132,142
Non-recurring gain, after current income taxes, (1973: 23,799; 1972: nil) on conversion of investments	76,407	53,000
Net Income	<u>\$1,760,368</u>	<u>\$ 617,190</u>
Earnings per share		
No dilution - before non-recurring gain	\$.97	\$.33
- after non-recurring gain	1.02	.36
Full dilution - before non-recurring gain	.84	.31
- after non-recurring gain	.88	.34
Cash flow per share		
No dilution	1.12	.37
Common shares outstanding	1,732,064	1,696,747

In the opinion of counsel, the Common Shares and 8¼% Subordinated Convertible Debentures, Series "A", of the Company are investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection (4) of Section 63 of the said Act.

**NU-WEST DEVELOPMENT CORPORATION LTD.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF SOURCE
AND USE OF FUNDS
(UNAUDITED)**

	Six Months Ended June 30	
	1973	1972
Source of Funds		
Net Income	\$ 1,760,368	\$ 617,190
Add: Depreciation	98,737	100,702
Amortization	6,900	6,900
Deferred income taxes	668,249	110,201
	<u>2,534,254</u>	<u>834,993</u>
Deduct: Equity in net income, after in- come taxes, of Carma De- velopers Ltd. and other affiliates	473,334	132,142
Non-recurring gain on con- version of investments	100,206	53,000
Deferred income on sale of rental property	19,710	19,719
	<u>593,250</u>	<u>204,861</u>
Cash flow from operations	1,941,004	630,132
Increase in		
Payables and accruals	3,508,811	1,149,084
Mortgage advances and customer deposits	2,391,323	3,846,315
Long term debt	1,384,815	917,553
Decrease in		
Income taxes recoverable	607,590	(130,932)
Mortgages on houses sold by the Company	271,157	(84,058)
Buildings and equipment (net)	25,978	(86,244)
Exercise of options on shares	55,002	32,338
Issue of shares to acquire investments .	175,000	-
	<u>\$10,360,680</u>	<u>\$ 6,274,188</u>
Use of Funds		
Increase in		
Agreements for sale receivable	\$ 1,093,850	\$ -
Receivables	544,485	1,410,268
Work in progress and developed construction sites	5,504,674	6,481,928
Land held for development	880,986	747,774
Rental properties under construction	116,000	267,080
Subdivisions under development	130,743	408,663
Investments (net)	207,763	(76,028)
Rental properties (net)	81,928	(95,975)
Decrease in bank indebtedness	1,800,251	(2,869,522)
	<u>\$10,360,680</u>	<u>\$ 6,274,188</u>

A key part of Nu-West's marketing philosophy is the opening of new show home areas. The Company maintains approximately 30 excitingly furnished show homes which attract a steady crowd of prospective buyers throughout the year.



The Land Division maintains a pleasant environment for homeowners living in Nu-West communities. Open space planning, parks, trees and landscaping is becoming increasingly important in the marketing of new communities.

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DEVELOPMENT CORPORATION LTD.

Calgary - Edmonton - Kamloops - Vancouver

**NU-WEST DEVELOPMENT CORPORATION LTD.
AND SUBSIDIARIES**

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	(Restated)	
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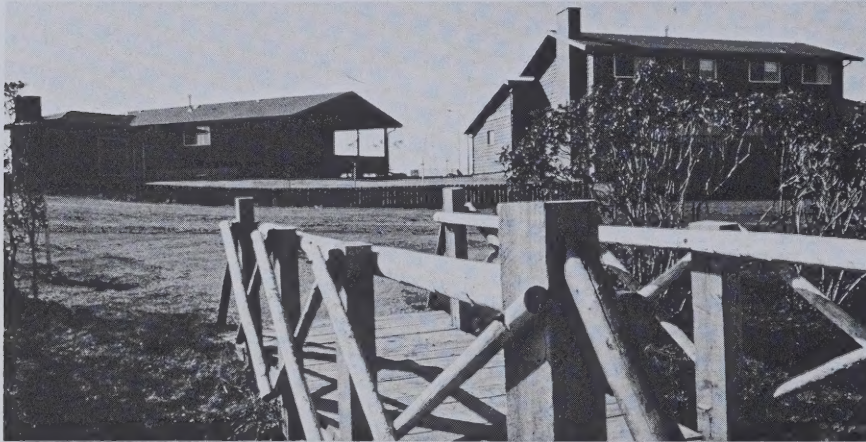
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AND SUBSIDIARIES**

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AND USE OF FUNDS
(UNAUDITED)**

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DEVELOPMENT CORPORATION LTD.

THIRD QUARTER REPORT-1973

Report to shareholders for the nine months ended September 30, 1973

Net income for the nine months ended September 30, 1973 was \$2,891,598, or \$1.67 per share compared to \$1,365,151 or 80¢ per share for the same period last year.

The Board of Directors has declared a dividend of 15¢ per share payable November 30, 1973 to shareholders of record November 15, 1973. I am also pleased to report that The Board has approved the payment of a dividend of 20¢ in 1974, payable in instalments of 10¢ each in May and November.

The trend towards improved profit margins as a result of increased efficiency and faster turnover reported in our six month statement has continued. Sales of both housing and land continued somewhat ahead of projections. Total housing sales for the nine month period of \$39,791,000 compared with \$35,654,000 for the same nine month period last year and sales of developed construction sites totalled \$8,458,000 compared with \$2,695,000 for the same period in 1972.

Land purchases by Nu-West and our affiliate, Carma Developers Ltd., have improved our strong position in land held for future development. As of September 30, 1973 land owned or controlled by Nu-West totalled approximately 2,840 acres and that owned or controlled by Carma approximately 9,600 acres, including a recently acquired 280 acre site in Hamilton, Ontario.

The Surrey Meadows condominium project reported on earlier, has been well received and at the present time 72 units of this 74-unit project have been sold. Construction has been commenced on a 124-unit condominium project in the Delta area, continuing the Company's growing operations in the multiple-family dwelling market.

With the growth of our Vancouver operations, Mr. Gary Santini, Vice-President, has taken residence in the Vancouver area with full responsibility for Nu-West's British Columbia operations.

Mr. Rod Gerla, formerly Vice-President, Finance, has been promoted to the position of Vice-President, Operations, responsible for overall housing operations outside of the Calgary area.

**NU-WEST DEVELOPMENT CORPORATION
LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)**

Nine Months Ended
September 30

1973 1972

(Restated)

Revenue		
Housing	\$39,791,871	\$35,653,681
Land	8,458,206	2,695,744
Rental	1,326,712	983,418
Other	792,919	753,940
	<u>50,369,708</u>	<u>40,086,783</u>
Cost of Sales and Operating Expenses	44,232,212	36,997,374
Interest	1,577,457	1,125,686
Depreciation	144,103	145,520
Amortization of organization and financing costs	10,350	10,350
	<u>45,964,122</u>	<u>38,278,930</u>
Income from Operations	4,405,586	1,807,853
Income taxes - Current	1,412,327	60,389
- Deferred	811,172	798,341
	<u>2,223,499</u>	<u>858,730</u>
Net income before the undernoted	2,182,087	949,123
Equity in net income, after income taxes, of Carma Developers Ltd. and other affiliates	633,104	363,028
Non-recurring gain, after current income taxes, (1973: 23,799; 1972: nil) on conversion of investments .	76,407	53,000
Net Income	<u>\$ 2,891,598</u>	<u>\$ 1,365,151</u>
Earnings per share		
No dilution		
- before non-recurring gain \$	1.62	\$.77
- after non-recurring gain .	1.67	.80
Full dilution		
- before non-recurring gain	1.40	.72
- after non-recurring gain .	1.44	.75
Cash flow per share		
No dilution	1.79	1.08
Common shares outstanding	1,733,588	1,697,047

At the October 30 meeting, the Board of Directors appointed Mr. John Shields as Vice-President, Finance. Mr. Shields brings to the company wide experience in the field of financial control and planning.

With housing sales continuing at a high level in all areas in which we operate, a sound land position, and indications of a stabilizing of interest rates, we look forward to a continuation of our growth in both sales and net income.

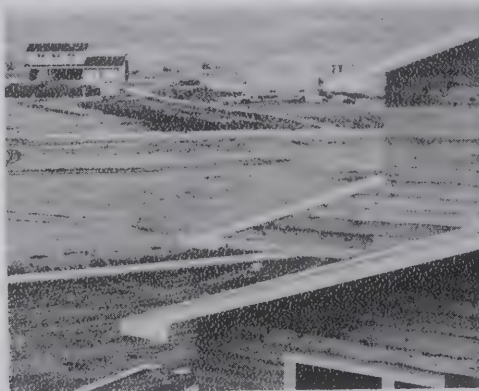
On behalf of your Board of Directors,



R. T. Scurfield
President

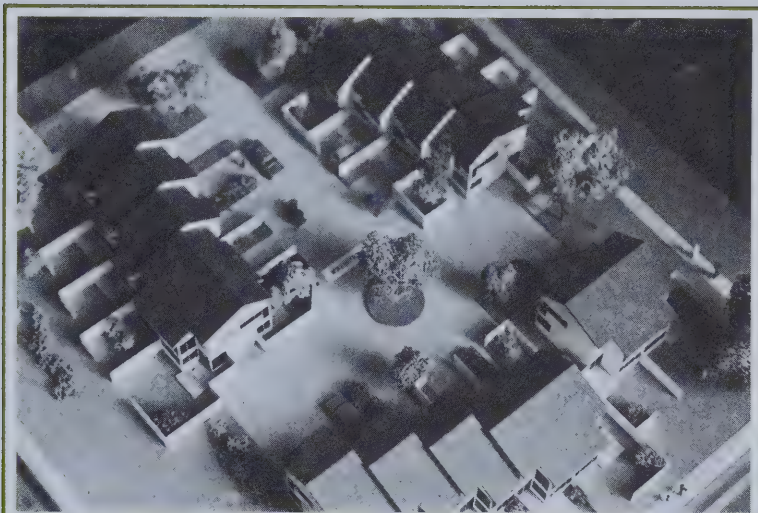
Cover photograph is of a portion of Nu-West's Canyon Glen Townhouse complex, one of several rental complexes owned and administered by Nu-West Property Management Division.

The Land Development Process: Raw Land to Fine Community



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DEVELOPMENT CORPORATION LTD.

FIRST QUARTER REPORT-1973

Report to Shareholders for the three months ended March 31, 1973

I am very pleased to report that the first quarter of 1973 represents the best first quarter in the history of your Company. (See graph). Net income was \$602,890, or 35¢ per share, with total revenue of \$12,387,588. These results compare very favourably with the same period last year when net income was \$207,097 or 12¢ per share, with restated revenue of \$7,134,777.

Carma Developers Ltd. (35.4% owned by Nu-West) acquired Sur-Del Builders Development Ltd. in February of 1973. As a result of this purchase a non-recurring profit of \$76,000 or 4¢ per share accrued to Nu-West which amount is included in first quarter earnings. The first quarter of 1972 included a non-recurring profit of \$53,000 or 3¢ per share. The above transaction and Carma's other activities in the Vancouver area have strengthened Nu-West's land position in this fast-growing market.

Favorable weather conditions, faster turnover of product to our customers and increasing efficiency have contributed to these record earnings. Our sales in 1973 to this point are approximately \$1,500,000 over our target. Housing sold, but not yet completed or taken into income, increased by approximately \$2,500,000 during the first quarter. We have every reason to believe management's target of a 20% growth in earnings per annum will be exceeded again this year.

Several new community developments have been registered so far this year. One hundred and four lots in our Canyon Meadows subdivision of Calgary and 426 lots in joint venture subdivisions with Carma Developers Ltd., have been optioned to purchasers and should result in sales and income later in the year. A further 84 lots in the Dartmoor Highlands subdivision in the Vancouver area; 205 lots in the Canyon Meadows subdivision in Calgary; and 210 lots in Lynnwood Ridge (the Calgary joint venture community development with Devon Estates, a subsidiary of Imperial Oil Limited) are in the final approval stages and should be marketed in the next three months.

Two condominium projects are being prepared for the Vancouver area. One, a 74-unit project, is already in the framing stage and should be ready for marketing by mid-summer. Land servicing for a further 132-unit condominium has commenced and we expect construction to begin later this

year. We feel that these two projects will fill a genuine need for people in the medium income group.

The housing market in British Columbia has been the subject of much discussion and concern due to recent provincial government legislation and policies affecting the development industry. Our proposed Cinnamon Ridge joint venture development in Kamloops has been "frozen" by government policies. Ironically, delay of this development, along with other factors, has contributed to a shortage of building sites in Kamloops. We feel the British Columbia government, having promised to make adequate housing available to all, will sincerely recognize the requirements of growth and take steps to encourage development of an adequate supply of serviced land — at the same time as it is pursuing its land use policies. We are of the firm opinion that a freer supply of land available for development would lead to increased competition and thus lower the cost of serviced land and make it possible for the building industry to serve a broader spectrum of the public.

Customer relations continue to play an important role in Nu-West's overall program. Our dedicated service personnel, backed by our 10-year warranty, have undoubtedly built confidence in our product. We are currently reviewing and re-planning our warranty and customer service program with the intent of further improving quality and customer satisfaction.

It is the Company's philosophy that a balance between Directors from within the Company and Directors from outside the Company is desirable. To adhere to this principle and still gain benefit from the significant amount of knowledge and experience possessed by the Company's Senior Management, it has been established that senior personnel will serve in rotation on the Board. Accordingly, Gary D. Santini has retired this year and Werner D. Mross has been elected to serve in his place. Mr. Mross is Vice-President (Housing), responsible for the Calgary Housing Division and the Resource Community and Contract Division. We are pleased to welcome Mr. Mross to our Board of Directors and to thank Mr. Santini, the retiring Director, for his past service. Mr. Santini continues to serve Nu-West in his capacity as Vice-President (Housing), responsible for housing operations in Edmonton, Vancouver and Kamloops.

We also welcome two new additions to our Board. The new Directors are Mr. Harvey S. Wolfe, Vice-President, Development, The Oshawa Group Limited, and Mr. M. Rodney Gerla, our Vice-President (Finance). We look forward to the contribution we know these gentlemen will make to the Board.

Markets for housing are strong in all centres where Nu-West is operating and the momentum of sales supports our outlook for an excellent year.

On behalf of your Board of Directors,

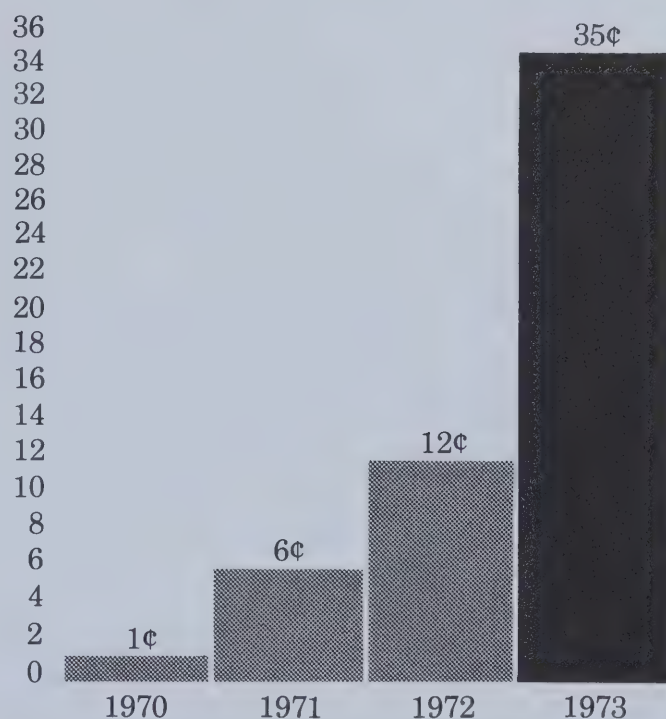


R. T. Scurfield,
President.

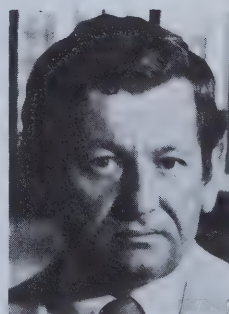
**NU-WEST DEVELOPMENT
CORPORATION LTD.
AND SUBSIDIARIES
CONSOLIDATED
STATEMENT OF INCOME
(Unaudited)**

	Three Months Ended March 31	
	1973	1972 (Restated)
Revenue		
Housing	\$10,762,140	\$ 6,355,037
Land	961,369	338,757
Rental	446,626	286,320
Other	217,453	154,663
	<u>12,387,588</u>	<u>7,134,777</u>
Cost of Sales and Operating Expenses	11,052,519	6,491,774
Interest	518,538	354,782
Depreciation	57,134	50,123
Amortization of organization and financing costs	3,450	3,450
	<u>11,631,641</u>	<u>6,900,129</u>
Income from Operations	<u>755,947</u>	<u>234,648</u>
Income taxes - current	313,672	53,994
- deferred	45,403	63,330
	<u>359,075</u>	<u>117,324</u>
Net income before the undernoted	<u>396,872</u>	<u>117,324</u>
Equity in net income, after income taxes, of Carma Developers Ltd. and other affiliates	129,611	36,773
Non-recurring gain, after current income taxes, (1973: 23,799; 1972:-) on conversion of investments	76,407	53,000
Net Income	<u>\$ 602,890</u>	<u>\$ 207,097</u>
Earnings per share		
No dilution - before non-recurring gain	\$.31	\$.09
- after non-recurring gain	.35	.12
Full dilution - before non-recurring gain	.27	.09
- after non-recurring gain	.31	.12
Cash flow per share		
No Dilution	.29	.14
Common shares outstanding	1,720,697	1,692,047

**FIRST QUARTER EARNINGS
(Per Share)**



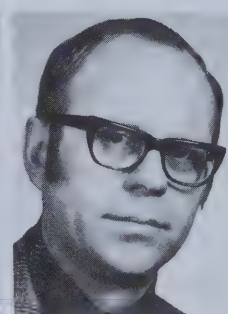
New Directors



Harvey S. Wolfe
Vice-President,
Development
The Oshawa Group
Limited



Werner D. Mross
Vice-President,
Housing
Nu-West
Development
Corporation Ltd.



M. Rodney Gerla
Vice-President,
Finance
Nu-West
Development
Corporation Ltd.

Cover photograph is a model of Surrey Meadows, Nu-West's first condominium project in the Vancouver area. Model shows the unique cluster grouping of condominium homes.

Your company holds a two-day educational seminar once a year for all personnel in supervisory positions. Workshop sessions, key industry speakers and company spokesmen, provide the learning climate for the seminar. Below are some typical scenes from the seminar which took place February 15-16, 1973.



Construction superintendents in workshop session with group discussion leader, Viktor Nill, Director of Construction, Calgary Housing Division.



Marketing personnel discuss new techniques of merchandising at two-day seminar.



Louis B. Wright, Vice-President of Tekton Corporation, a large U.S. homebuilder, exchanges view points with Nu-West personnel.



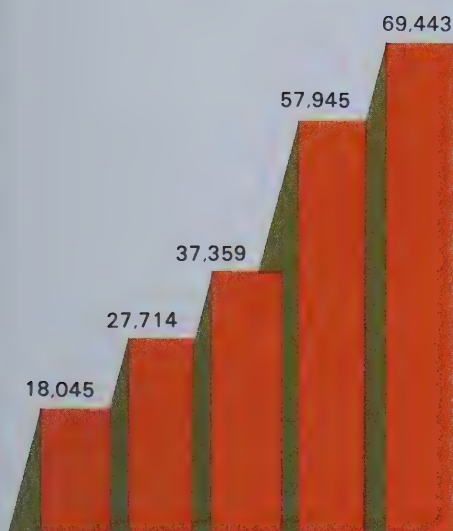
H. Keith Morley, President of The Housing and Urban Development Association of Canada, key industry speaker at Nu-West's two-day seminar.



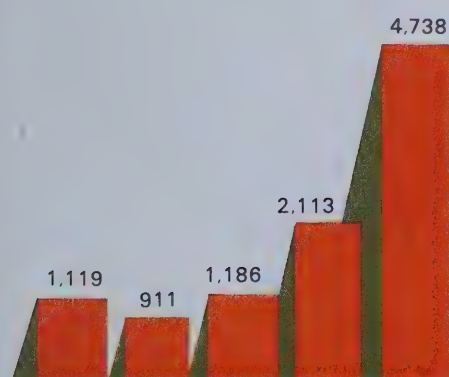
Ralph T. Scurfield outlines Company goals to the Nu-West team.

nu-west
DEVELOPMENT CORPORATION LTD

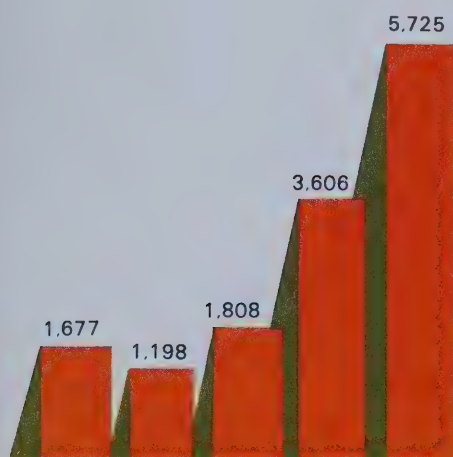
Calgary - Edmonton - Kamloops - Vancouver



1969 1970 1971 1972 1973
Total Revenue (in thousands of dollars)



1969 1970 1971 1972 1973
Net Income (in thousands of dollars)



1969 1970 1971 1972 1973
Cash Flow (in thousands of dollars)

HIGHLIGHTS OF OPERATIONS

	1973	1972	% Change
Total Revenue	\$69,442,977	\$57,945,064	+ 19.8
Single and Multiple			
Housing Sales	55,495,545	50,921,973	+ 9.0
Land Sales	10,873,590	4,946,743	+119.8
Rental Revenue	1,862,635	1,421,512	+ 31.0
Other Revenue	1,211,207	654,836	+ 85.0

REVIEW OF OPERATIONS

	1973	1972	% Change
Total Revenue	\$69,442,977	\$57,945,064	+ 19.8
Net Income after Current and Deferred Income Tax	4,738,453	2,112,517	+124.3
Cash Flow from Operations	5,724,581	3,605,566	+ 58.8
Net Income per Common Share after Current and Deferred Income Taxes	\$2.72	\$1.24	+119.4
Cash Flow per Common Share from Operations (1972 Restated)	\$3.29	\$2.12	+ 55.2
Common Shares Outstanding ..	1,740,110	1,697,397	+ 2.5

PRESIDENT'S REPORT TO THE SHAREHOLDERS



RALPH T. SCURFIELD
President

The year 1973 was one of continued growth in all aspects of your Company's business. Income per share totalled \$2.72 compared with \$1.24 per share in 1972, an increase of 119 per cent in one year. The significant increase in earnings achieved in 1973 can be attributed to several factors, including continued strong demand for your Company's products together with continuing emphasis on efficiency.

OPERATIONS

All major divisions contributed strongly to the Company's 1973 performance. The residential construction divisions made an overall gain in sales and achieved improvements in profit margins. The Land Development Division of our Company continued to expand its volume of business, with revenue from development and sale of serviced sites more than doubling that of the previous year. During the year we improved our strong position for the future by increasing the bank of land held or controlled for future development to a total of 8,905 acres (including our proportionate share of the land holdings of Carma Developers Ltd.).

Turner Lumber & Supplies Ltd. and Nu-West Mortgage and Investments Ltd., made material contributions to the revenue and net income of the Company. Except for our Property Management Division, which continued to suffer from the surplus of rental accommodation in the Calgary market, our operating divisions and subsidiaries continued to contribute in terms of both income and services to the Company as a whole.

SIGNIFICANT EVENTS

During 1973 your Company entered into negotiations for the purchase of a major Saskatchewan-based home building organization. The purchase of Cairns Homes Ltd., Cairns Homes (1972) Ltd. and its subsidiaries was consummated early in 1974 with effect as of December 1, 1973. The Cairns group is Saskatchewan's largest home builder, with revenue exceeding \$15,000,000 during its fiscal year ended November 30, 1973 and sales of approximately 650 individual homes.

DIVIDENDS

During 1973 the Company paid a dividend of \$0.15 per share, an increase of \$0.05 per share over the dividend paid in 1972. Your Company has now adopted a policy of paying its dividends semi-annually, in May and November of each year. The first of such semi-annual dividend payments will be made in May, 1974. The shareholders will be asked at the Annual General Meeting to give consideration to establishing a new share structure that will provide them with the opportunity to elect to receive tax deferred dividends.

CORPORATE ORGANIZATION

Your Company has continued its program of upgrading and strengthening its management capabilities and personnel resources. The management team has been strengthened both by the addition of personnel from outside the Company, and by promotion of Company employees to positions of greater responsibility. Mr. M. Rodney Gerla was promoted to the position of Vice-President, Operations, with overall responsibility for the Company's housing operations in Edmonton, British Columbia and Saskatchewan. Mr. John H. Shields joined the Company in November, 1973, as Vice-President, Finance. Mr. Shields brings to the Company a broad background in management and financial organization. During 1973 the Company gave further recognition to the growing importance of its British Columbia operations by appointing Mr. Gary D. Santini as Vice-President, Pacific Region.

OUTLOOK

Your Company's normal growth pattern, together with the recent acquisition of the Cairns Group suggests that total revenue in 1974 will substantially exceed that of 1973.

There are several other circumstances which should lead to our continued growth and development. Housing starts and sales during 1974 in the regions in which we operate are expected to continue at a rate equal to or greater than during 1973, spurred on by a strong trend to individual ownership and continuing economic growth. Your Company has arranged mortgage funds for the majority of its expected starts in 1974.

In the past your Company has invested in large blocks of undeveloped land, a practice which has assured Nu-West of meeting its future needs for building sites. The value of these investments in land has increased substantially. As our present investment in land is developed, the increased value will be reflected in the Company's profits.

Your Company plans to continue its growth through geographical and business diversification, and future development of its existing business. As an example of the latter, your Company's Real Estate Division, Nu-West Real Estate Ltd., has recently expanded and formed a Commercial and Investment Department.

Your Company continues to emphasize excellence in design and a product providing a maximum of comfort with a minimum of maintenance.

We continue to work to further improve our after-sale service to customers. We believe that our product and our service, backed by a 10-year warranty, are the best in the industry and are two of the main reasons for the strong demand for your Company's products, and thus our continued success.

We look forward to 1974 as another year of continuing rapid growth in both revenue and net earnings.

On behalf of the Board,



R. T. Scurfield



LAND DEVELOPMENT

During 1973 total direct raw land holdings for immediate and future development were increased from 2,691 acres to 4,937 acres.

These holdings include land controlled under agreement for sale or option and the Company's proportionate share of joint ventures.

The Nu-West Land Development Division marketed 1,017 lots, returning a revenue of \$8.1 million. This figure includes the Division's share of joint ventures. The Division will carry forward into 1974 approximately \$4.0 million in sales. It is anticipated that the Land Division growth will continue and that 1974 sales will show a substantial gain.

While one of the prime purposes of our Land Development Division is to ensure an adequate supply of developed building sites for Nu-West homes, the division has, as in past years, been able to produce and sell a surplus of lots to outside purchasers.

The Land Development Division is continuing a very active land acquisition and development program in growing urban areas, particularly Calgary, Edmonton and Vancouver.

CALGARY

The strong demand for serviced lots continued in all areas of the City. Development has been concentrated in the Canyon Meadows, Lynnwood Ridge, Dover Glen, Pine Ridge and Dalhousie subdivisions.

In our Lynnwood subdivision a new dimension in community planning in Western Canada, "the zero lot line concept", was introduced. Under this innovative concept a single large sideyard is created in place of the traditional two smaller sideyards by placing one side of the residence directly on the lot line.

EDMONTON

Stage one of our Westview Mobile Home Community containing 333 lots is now fully occupied and stage two of what will eventually be a 900 unit complex is now under construction. Design work on residential lots is now in the final stages of our new developments in Castle Downs, Sherwood Park and a joint venture project with Carma Developers Ltd. in Braeside.

VANCOUVER

The first sales of developed land in the Vancouver area were made during 1973 with the completion of approximately 100 lots in our Dartmoor Highlands development. The second stage of this development will be marketed in 1974. It is anticipated that 1974 will also see the marketing of three additional residential and industrial projects in the Delta and Port Coquitlam areas.

KAMLOOPS

The formation of the new Kamloops Regional Civic government, combined with the British Columbia government imposed land freeze has delayed the development of the Division's proposed industrial park in the Northwest section of the City. Indications are however that this project will be approved and construction commenced during 1974.

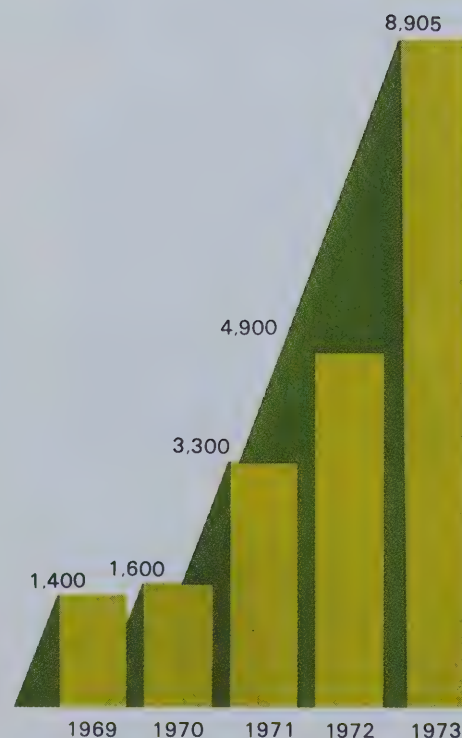


Nu-West Development Corporation Ltd.
Subsidiaries and Affiliates
Land Held for Development
December 31, 1973

Location	<u>Parcels</u>	<u>Acreage</u>
Calgary	24	2,114
Edmonton	4	219
Vancouver	10	343
Kamloops	2	671
Regina	14	1,456
Saskatoon	2	115
Contracts	5	19
Total Direct Holdings	61	4,937*
Proportionate Share of 10,900 acres held by Carma Developers Ltd.		3,968
Total		<u>8,905</u>

* Total includes Nu-West's proportionate share of joint venture properties.

Lynnwood subdivision with zero lot lines.



Land Bank (Acres)
Undeveloped land acreages held by Nu-West including its proportionate share of the land acreages held by Carma Developers Ltd.

HOUSING DIVISIONS



Single-family residential construction and marketing continue to be Nu-West's main activity and source of income. A number of factors have contributed to your Company's success in this field in 1973

- the rising demand by Canadians for single-family homes
- accessible mortgage funds
- excellence in product design and planning
- continuing emphasis on cost-control procedures

These factors assisted your Company in delivering 1,789 homes to Canadians.

By its acquisition of the Cairns Group, the Nu-West organization is now able to serve customers in Regina, Saskatoon and Red Deer as well as Calgary, Edmonton, Vancouver and Kamloops.

Nu-West's leadership in the homebuilding industry is evidenced by a number of innovative programmes. These include:

- architecturally controlled subdivisions to assist in the creation and ensure the continuance of a pleasing residential environment.
- a continuing research program in construction materials and methods ensuring Nu-West customers receive the best of new products in their homes.
- a ten year homeowner's warranty programme designed to protect our customers' investment
- A Consumer Advisory Board which provides a continuing flow of information on consumer needs and attitudes.



CALGARY

The Calgary market continues to be our most active. The three Calgary Housing divisions completed and occupied 875 homes during 1973. Sales were divided quite evenly between the East Calgary Housing Division with 277, the North Calgary Housing Division with 289, and the South Calgary Housing Division with 309. Results to date indicate that your Company's sales will be substantially increased in 1974.

EDMONTON

Housing sales in Edmonton increased 9% over the previous year with 436 homes sold, compared to 387 in 1972. Construction and sales activities were concentrated in the Sherwood Park, Millwoods, St. Albert and Castle Downs subdivisions. The Edmonton East housing division also undertook the construction and marketing of estate-styled homes on three acre land parcels at High Ridge Place, east of the City. In 1974 building activities in the Edmonton market will be expanded to include activity in the Hermitage subdivision and in the satellite town of Fort Saskatchewan.

VANCOUVER

Construction of 196 homes by our most westerly division located in the greater Vancouver area represented an increase of 42.9% over 1972. A 75 unit condominium project in the Surrey Meadows subdivision was well received by the home buying public, and was completely sold before the end of the year. The success of the Surrey Meadows subdivision has led to an additional project, Greenbrooke Meadows, consisting of 127 condominium homes. Glenbrooke Meadows is currently underway and should be available to our British Columbia customers in 1974.



KAMLOOPS

This division marketed 88 homes in 1973. Activities in 1974 will be centered on the newly developed Juniper Hills subdivision located in the Southwest portion of the City of Kamloops.

RESOURCE COMMUNITY & CONTRACT DIVISION

During 1973, this division undertook major projects in Alberta and British Columbia. In Elkford B.C., the third phase of a three-part project consisting of 162 units was completed and available for occupancy. The division developed two projects for the City of Edmonton, Brander Gardens, consisting of 98-townhouse units and Rundle Heights II, with 97-townhouse units and featuring four homes especially designed for handicapped residents. Thirty-two townhouses were built and marketed in the townsite of Banff, with an additional thirty units planned. The Terravista project, featuring eighty-seven leisure condominium homes situated on Lake Windermere in the scenic Canadian Rockies was completed and is currently being marketed.

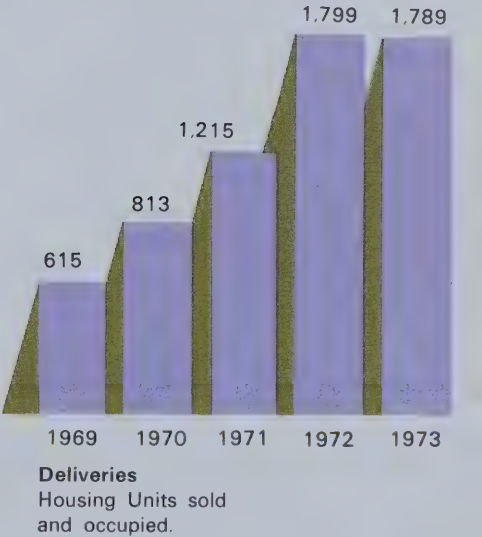
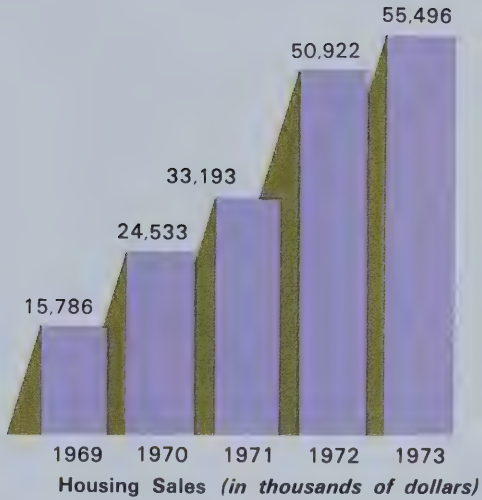
The development of the tar sands is creating a large demand for housing accommodation in the Fort McMurray area. The company plans its first housing starts in this area in 1974 and expects that this will be one of the major areas of expansion for the Division in the next few years.

FIVE YEAR QUARTERLY PERFORMANCE

	1973	1972	1971	1970	1969
Sales (\$000)					
1st Quarter	12,388	7,135	6,751	3,204	3,789
2nd Quarter	17,670	13,526	9,725	10,209	6,353
3rd Quarter	20,312	19,426	12,486	6,493	4,363
4th Quarter	19,073	17,858	8,397	7,808	3,540
	69,443	57,945	37,359	27,714	18,045

Net Income (\$000)					
1st Quarter	603	207	105	50	204
2nd Quarter	1,157	410	327	279	347
3rd Quarter	1,132	748	463	209	229
4th Quarter	1,846	748	291	373	339
	4,738	2,113	1,186	911	1,119

Earnings Per Share (No Dilution) (\$)					
1st Quarter	.35	.12	.06	.03	.12
2nd Quarter	.67	.24	.20	.17	.21
3rd Quarter	.65	.44	.27	.12	.14
4th Quarter	1.05	.44	.17	.23	.21
	2.72	1.24	.70	.55	.68



PROPERTY MANAGEMENT

Rentals

Property	Company's Interest	No. of Units
Canyon Glen	100%	170
Cedarbrae	Leased Back	170
Croydon Court	100%	240
Houses & Duplexes	100%	50
Sun Terrace	100%	32
Skyview	Management Contract	32
Fairmont Estates	100%	108
Travois Place	100%	102
TOTAL:		904

All Calgary locations.

SUBSIDIARIES AND AFFILIATES

THE CAIRNS COMPANIES

A significant acquisition for Nu-West was completed as of December 1, 1973. The agreement provided for the purchase of all of the outstanding shares of Cairns Homes Ltd., Cairns Homes (1972) Ltd. and subsidiaries.

In its position as Saskatchewan's major builder/developer, Cairns has concentrated most of its activities in Regina and Saskatoon. Recently, the company expanded into Alberta and opened branches in Edmonton and Red Deer.

During the fiscal year which ended November 30, 1973 Cairns marketed more than 650 new homes, representing a sales volume in excess of \$15,000,000. Homes built and sold by Cairns range from a modest 850 square feet to large, semi-custom built homes. In recent years, the company has participated effectively in providing homes for lower income families under the Federal Assisted Home Ownership Programmes.

In addition, the Cairns companies are active in:

- Land development, with a land inventory of approximately 1,571 acres.
- The operation of one of the largest prefabrication, truss manufacturing and material supply yards in Saskatchewan.
- General real estate in Regina and Saskatoon.

It is anticipated that the Cairns Group with their excellent reputation and dedicated and efficient staff will make a substantial contribution to the overall growth and income of Nu-West.

CARMA DEVELOPERS LTD.

One of Nu-West's major investments is its ownership of 37.2% of issued shares of Carma Developers Ltd. Carma, a public company listed on the Toronto Stock Exchange, is primarily engaged in the field of residential land development.

In 1973 its activities were centered in the cities of Calgary, Edmonton and Vancouver. Carma also acquired land near Hamilton, Ontario and established a division there. It is expected, that the first developed lots produced by the new division will be marketed during 1974.

Nu-West's interest in, and association with Carma assists us in maintaining a stable supply of building sites in our primary market areas.

Carma's current holdings of land for future development amount to approximately 10,900 acres.

During this past year, Carma marketed 1,995 serviced lots for a sales volume of \$20,300,825 and net income of \$3,001,928.

Nu-West's proportionate share of Carma's net income is included in our financial statement.

NU-WEST REAL ESTATE LTD.

The company is a wholly-owned subsidiary of Nu-West offering a complete line of real estate services to its customers in Calgary and Edmonton. Its major emphasis is on the marketing of homes which are acquired through our trade-in programme. Through this programme Nu-West Real Estate has assisted in the sale of a significant number of the parent company's new homes in Calgary and Edmonton.

B. A. LAWRENCE & ASSOCIATES LTD.

Nu-West maintains a substantial but non-controlling investment in this Calgary-based consulting engineering firm. Specializing in sub-division design, surveying and the supervision of service and utility installation in residential developments, B. A. Lawrence & Associates Ltd. has played a prominent part in the development of the land held by Nu-West.

DATAMATION CENTRES (1971) LTD.

Nu-West maintains a non-controlling investment in Datamation Centres (1971) Ltd., a computer service company that has been responsible for the development and processing of all Nu-West cost control and financial data. In addition, computer services are being marketed to the business community in Calgary.

TURNER LUMBER & SUPPLIES LTD.

Nu-West maintains a significant but non-controlling interest in this company. Turner Lumber offers a full range of building supplies to Nu-West and the building industry in Calgary. A new distribution yard is scheduled to open in Edmonton on April 1, 1974.

NU-WEST MORTGAGE AND INVESTMENTS LTD.

This wholly-owned subsidiary offers special mortgage financing as a service to our customers.

ASHFORD INSURANCE SERVICES LTD.

This wholly-owned insurance agency offers a full range of general insurance to Nu-West homeowners and to the general public.

AUDITORS' REPORT

TO THE SHAREHOLDERS:

We have examined the consolidated balance sheet of Nu-West Development Corporation Ltd. and subsidiaries as at December 31, 1973 and the consolidated statements of income, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winpear Higgins Stevenson & Co.

Calgary, Alberta
March 29, 1974

Chartered Accountants

Consolidated Balance Sheet

DECEMBER 31, 1973

ASSETS

	1973	1972
Cash	\$ 748,268	\$ 574,798
Receivables, mortgage companies and customers	8,045,883	7,634,994
Income taxes recoverable	—	1,209,953
Houses and projects under construction and completed houses, including land, at cost (Note 6)	25,813,133	17,780,002
Developed construction sites, at cost (Notes 3 and 6)	14,028,699	7,056,954
Subdivisions under development (Notes 6 and 13)	3,180,949	3,965,260
Investments (Note 4)	7,460,450	5,468,180
Land held for development (Notes 5 and 6)	15,217,095	7,147,156
Mortgages on houses sold by the Company	1,402,105	1,898,071
Rental properties under construction (Notes 6 and 13)	466,284	—
Rental properties, at cost less accumulated depreciation \$426,258; 1972 — \$193,751 (Notes 6 and 7)	12,500,004	11,507,767
Buildings and equipment, at cost less accumulated depreciation \$551,086; 1972 — \$334,086 (Note 7)	645,044	472,454
Organization and financing costs, less amortization	153,355	168,561

The accompanying notes form part of this statement.

<u>\$89,661,269</u>	<u>\$64,884,150</u>
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ON BEHALF OF THE BOARD

Director



Director



LIABILITIES

	1973	1972
Bank indebtedness (Note 13)	\$ 8,760,532	\$10,736,534
Payables and accruals	21,624,087	10,991,113
Mortgage advances and customer deposits	11,970,064	8,027,114
Income taxes	2,672,161	—
Deferred income taxes (Note 8)	4,148,773	3,036,564
Long term debt (Note 9)	24,812,365	21,118,008
Deferred income on sale of rental property subject to leaseback agreement	118,225	157,759
	<u>74,106,207</u>	<u>54,067,092</u>

SHAREHOLDERS' EQUITY

Share capital (Note 10)		
Authorized		
3,000,000 shares without nominal or par value		
not to exceed \$10,000,000		
Issued		
1,740,110 shares (1972 — 1,697,397) for a consideration of . . .	3,425,201	3,165,027
Retained earnings	12,129,861	7,652,031
	<u>15,555,062</u>	<u>10,817,058</u>
	<u>\$89,661,269</u>	<u>\$64,884,150</u>

Consolidated Statement of Income

YEAR ENDED DECEMBER 31, 1973

	1973	1972
Revenue		
Housing	\$55,495,545	\$50,921,973
Land	10,873,590	4,946,743
Rental	1,862,635	1,421,512
Other	1,211,207	654,836
	<u>69,442,977</u>	<u>57,945,064</u>
Cost of sales and operating expenses	60,485,869	54,057,652
Interest (Note 11)	1,731,224	1,582,687
Depreciation	251,537	203,106
Amortization of organization and financing costs	15,206	13,808
	<u>62,483,836</u>	<u>55,857,253</u>
Net income from operations	6,959,141	2,087,811
Income taxes	3,453,795	975,871
Net income before the undernoted	3,505,346	1,111,940
Equity in net income, after income taxes, of		
Carma Developers Ltd. and other affiliates	1,148,192	952,542
Non-recurring gain on conversion of investments, less income		
taxes	84,915	48,035
Net income (Note 15)	<u>\$ 4,738,453</u>	<u>\$ 2,112,517</u>

The accompanying notes form part of this statement.

Consolidated Statement of Retained Earnings

YEAR ENDED DECEMBER 31, 1973

	1973	1972
Balance, January 1	\$ 7,652,031	\$5,140,719
Net income	4,738,453	2,112,517
Increase in the equity value of investment in Carma		
Developers Ltd. arising from a capital transaction		
by that company	—	568,500
	<u>12,390,484</u>	<u>7,821,736</u>
Dividend paid	260,623	169,705
Balance, December 31	<u>\$12,129,861</u>	<u>\$7,652,031</u>

Consolidated Statement of Source and Use of Funds

YEAR ENDED DECEMBER 31, 1973

	1973	1972 (Restated)
Source of funds		
Net income from operations	\$ 4,738,453	\$ 2,112,517
Add: Deferred income taxes	859,125	1,363,610
Depreciation and amortization	266,743	216,914
	<u>5,864,321</u>	<u>3,693,041</u>
Deduct: Non-recurring gain on conversion of investments	100,206	48,035
Deferred income on sale of rental property	39,534	39,440
	<u>139,740</u>	<u>87,475</u>
Cash flow from operations	5,724,581	3,605,566
Increase in		
Payables and accruals	10,632,974	2,461,612
Mortgage advances and customer deposits	3,942,950	2,199,347
Income taxes payable	2,672,161	—
Deferred income taxes of subsidiary company acquired	253,084	—
Long term debt	3,694,357	2,244,627
Exercise of options on shares	85,174	36,225
Issue of shares	175,000	—
Decrease in		
Income taxes recoverable	1,209,953	(960,134)
Subdivisions under development	784,311	(1,008,428)
Mortgages on houses sold by the Company	495,966	(698,777)
	<u>\$29,670,511</u>	<u>\$ 7,880,038</u>
Use of funds		
Increase in		
Receivables	\$ 410,889	\$ 3,750,728
Work in progress and developed construction sites	15,004,876	4,490,476
Investments	743,872	1,033,705
Equity in net income, after income taxes, of Carma Developers Ltd. and other affiliates	1,148,192	952,542
Land held for development	8,069,939	(225,464)
Rental properties under construction	466,284	(434,763)
Rental properties (net)	1,122,994	3,731,889
Buildings and equipment (net)	293,370	170,269
Dividend paid	260,623	169,705
Decrease in bank indebtedness	2,149,472	(5,759,049)
	<u>\$29,670,511</u>	<u>\$ 7,880,038</u>

Notes to Consolidated Financial Statements

DECEMBER 31, 1973

1. Accounting Policies

The Company's accounting policies follow the recommendations of the Canadian Institute of Chartered Accountants and the Canadian Institute of Public Real Estate Companies.

2. Principles of Consolidation and Accounting Presentation

The consolidated financial statements include:

- i) the assets and liabilities of all of the Company's subsidiaries and the results of operations of all of the Company's subsidiaries except Cairns Homes (1972) Ltd. and Cairns Homes Ltd.
Pursuant to an agreement dated December 1, 1973, the Company purchased 93% of the common shares of Cairns Homes (1972) Ltd. and Cairns Homes Ltd. for \$2,955,300 all of which has been attributed to tangible assets. The Company previously owned 7% of the common shares of these companies. The results of operations of these companies from the date of their acquisition are not included in the consolidated financial statement due to the fact that their fiscal years end on November 30. The consolidated balance sheet includes the assets and liabilities of these companies at November 30, 1973. The acquisition has been accounted for by the purchase method.
- ii) the proportionate share of the assets, liabilities, income and expenses of the Company's interest in unincorporated joint ventures, and
- iii) the proportionate share of the net income or losses of companies in which the Company has a substantial interest. The value of these investments has been adjusted to reflect the Company's equity in the book values of the underlying net assets of these companies.

3. Developed Construction Sites

Developed construction sites include option deposits of \$271,065 (1972 — \$229,000). To acquire the construction sites under option, an additional expenditure of \$3,590,874 (1972 — \$2,270,338) will be required.

4. Investments

	1973	1972
Marketable		
597,500 common shares of Carma Developers Ltd. (1972 — 569,000) (Market value \$5,302,800; 1972 — \$4,619,000)		
Share of equity, January 1	\$2,660,087	\$1,104,997
Share of net income	1,114,015	873,346
Elimination of inter-company profits and other adjustments	(109,777)	(63,006)
Equity value of shares acquired	147,944	176,250
Share of a capital transaction	—	568,500
Share of equity, December 31	3,812,269	2,660,087
Excess of cost of shares over equity value at date of acquisition	1,225,345	1,117,373
Book value	5,037,614	3,777,460
Non-marketable		
Common shares		
Share of equity, January 1	243,926	98,019
Share of net income	69,285	50,664
Equity value of shares acquired	13,760	95,243
Equity value of shares sold	(71,946)	—
Dividends received	(15,372)	—
Share of equity, December 31	239,653	243,926
Excess of cost of shares over equity value at date of acquisition	—	84,849
Book value	239,653	328,775
Total marketable and non-marketable common shares	5,277,267	4,106,235
Other, at cost		
12% cumulative, redeemable preferred shares	—	60,000
8% convertible debentures of Carma Developers Ltd.	1,213,120	648,780
Interest bearing loans	68,144	653,165
Interest bearing agreements for sale	901,919	—
	\$7,460,450	\$5,468,180

	1973	1972 (Restated)
5. Land Held for Development		
Land and development costs, at the lower of cost or market	\$14,410,437	\$6,539,075
Costs capitalized during the year		
Real estate taxes	111,540	39,977
Administrative and general operating expenses	75,123	46,350
Interest	599,452	425,191
	786,115	511,518
Deduct: Amounts transferred to subdivisions under development	123,407	15,193
	662,708	496,325
	15,073,145	7,035,400
Option deposits	143,950	111,756
	\$15,217,095	\$7,147,156

To acquire the land under option an additional expenditure of \$5,900,845 (1972 — \$3,877,723) will be required.

6. Appraisals

The Company's land and work in progress and that of Carma Developers Ltd. was appraised as at December 31, 1973 by J. C. Leslie, A.A.C.I. of J. C. Leslie & Co. Ltd., Appraisers and Real Estate Consultants. On certain land held by the Company a second appraisal was obtained from another appraiser. Based on these appraisals land and work in progress held by the Company and the Company's proportionate share of land held by Carma Developers Ltd. has appraised values as follows:

	Property held by the Company	Share of land held by Carma Developers Ltd.	Total
Appraised value			
Houses and projects under construction and completed houses, developed construction sites and subdivisions under development	\$ 57,346,098	\$ 6,584,274	\$ 63,930,372
Land held for development	30,495,960	30,217,174	60,713,134
Rental properties	16,055,842	—	16,055,842
	\$103,897,900	\$36,801,448	\$140,699,348
Excess of appraised value over book value			
Houses and projects under construction and completed houses, developed construction sites and subdivisions under development	\$ 14,323,317	\$ 3,216,825	\$ 17,540,142
Land held for development	15,278,865	16,808,000	32,086,865
Rental properties	3,089,554	—	3,089,554
	\$ 32,691,736	\$20,024,825	\$ 52,716,561

In those instances where the Company's land was the subject of two appraisals, the lower appraisal was used.

The appraisals include no provision for selling and administrative expenses related to the sale of the appraised land and work in progress.

A large tract of land held for development approximating 6300 acres, of which 78 acres are owned by the Company and the balance by Carma Developers Ltd., located in and adjacent to an area that has been proposed as a major park by the City of Calgary has been appraised on the basis of its value assuming it is available for development.

7. Depreciation Policy

The Company follows the sinking fund method of accounting for depreciation of rental properties. Under this method building costs are being written off over the estimated useful life in annual amounts increasing at the rate of 5% compounded annually. The estimated useful life is 50 years for office and major apartment buildings, 40 years for townhouses and smaller rental units, and 30 years for mobile home parks. Other buildings and equipment are depreciated on the diminishing balance basis at annual rates of 30% and 20%.

8. Deferred Income Taxes

Deferred income taxes are recorded with respect to:

- i) capital cost allowance claimed in excess of depreciation recorded in the accounts,
- ii) utility costs expended on the development of subdivisions,
- iii) interest, real estate taxes and administrative and general operating expenses on land,
- iv) financing costs on houses and projects under construction, and
- v) organization and financing costs which have been claimed as expenses.

9. Long Term Debt**1973****1972**

Payable on Land Held for Development

Agreements for Sale bearing interest at rates varying

from 0% to 10% **\$ 4,567,641** **\$ 2,816,410**

The agreements arise from the acquisition of shares and

debentures of certain subsidiary companies and are

secured. The agreements bear interest at rates varying

from 5% to 8% **2,819,908** **1,080,919**

Notes Payable

The notes payable bear interest at rates varying from

7½% to 10½% **477,335** **—**

Mortgages Payable

Mortgages bear interest at rates varying from 6¾% to 13%

and mature at varying dates between 1974 and 2021 **10,447,481** **9,887,346**

Term Loan

The term loan bears interest at the greater of 8% per annum or 1½% above the prime bank rate. To secure this

loan, which is evidenced by a promissory note, the

Company has hypothecated by way of collateral security,

a first floating charge debenture **3,500,000** **4,333,333**

8¾% Subordinated Convertible Debentures, Series A (Note 14)

The debentures, which mature in 1991, are secured by a

floating charge which ranks second to the security of the

term loan. These debentures are subject to certain sinking

fund requirements which commence in 1982. The debentures

may be converted into common shares on the basis of 95

shares for each \$1,000 of debenture principal up to and

including June 15, 1976, and 85 shares for each \$1,000 of

debenture principal for the period from June 16, 1976

up to and including June 15, 1981 **3,000,000** **3,000,000**

\$24,812,365 **\$21,118,008**

Repayments over the next five years amount to \$2,633,289 in 1974, \$2,731,812 in 1975, \$2,144,902 in 1976, \$1,731,925 in 1977, \$896,160 in 1978.

10. Share Capital

- a) During the year 22,713 shares were issued pursuant to the Company's stock option plan for \$85,174 and 20,000 shares valued at \$175,000 were issued for common shares of another company.
- b) The Company has a stock option plan under which options on 49,127 shares are outstanding. The options have been granted to full time employees, including certain senior officers, at an option price of \$3.75 per share, which was the approximate quoted price of the Company shares on the date the option price was set. During the year, the Board of Directors of the Company approved the release of these options on or before April 30, 1974.
- c) 285,000 of the Company's shares are reserved for the conversion of the 8¾% subordinated convertible debentures described in Note 9. (Note 14).

11. Interest**1973****1972**

Interest on long term debt **\$2,154,617** **\$1,579,465**

Interest on bank demand loans **176,059** **428,413**

2,330,676 **2,007,878**

Less: Interest applicable to land held for development **599,452** **425,191**

Interest expense **\$1,731,224** **\$1,582,687**

12. Remuneration to Directors and Senior Officers

The aggregate direct remuneration to directors and senior officers, numbering seventeen, amounted to \$452,221 for the year, which amount included \$6,000 in directors' fees. In addition, legal fees of \$15,880 were paid to the firm of barristers and solicitors of which one of the directors is a partner.

13. Contingent Liabilities and Commitments

- The bank indebtedness is secured by a general assignment of receivables and mortgages receivable, shares and debentures of Carma Developers Ltd. and mortgages on specific properties.
- The Company is contingently liable with respect to letters of credit issued by a chartered bank totalling \$552,136. The letters of credit have been issued in lieu of performance deposits.
- The Company is committed to spend an estimated additional \$1,564,766 to complete subdivisions under development in accordance with development agreements entered into with various municipal governments. The cost to complete the rental property under construction is estimated at \$1,084,000.

14. Subsequent Events

- Pursuant to a Notice of Redemption dated February 15, 1974 the Company called all outstanding 8¾% subordinated convertible Series A Debentures for redemption on March 18, 1974 at a price of 112% of the principal amount thereof together with interest to the date of redemption. As a result of this Notice, Debentures in the principal amount of \$1,248,000 were presented for conversion into 118,560 shares of the Company and Debentures in the principal amount of \$1,752,000 were presented for redemption.
- On December 7, 1973 the Directors of the Company and the Directors of Carma Developers Ltd., a Canadian public company, agreed to begin preliminary discussions concerning a proposed merger of the two companies. At March 29, 1974 these discussions are continuing but no final decision on the merger has been reached by the Directors or Shareholders of either company.

15. Earnings per Share

	1973	1972
Earnings — before extraordinary item	\$2.67	\$1.21
— after extraordinary item	2.72	1.24
Diluted earnings	2.52	1.07

The diluted net earnings per share reflect income that would have been reported had the stock options been exercised and the 8¾% subordinated convertible Series A Debentures been converted at the beginning of the year. The following number of shares is used to calculate the 1973 diluted earnings and reflects the conversion of the 8¾% debentures on March 18, 1974.

Shares issued and outstanding	1,740,110
Stock options outstanding	49,127
Shares issued for conversion of 8¾% debentures (Note 14)	118,560
	<u>1,907,797</u>

16. Additional Information

The following presentation sets out the working capital of the Company.

	1973	1972
Current assets	\$54,510,366	\$40,400,721
Current liabilities	<u>49,247,118</u>	<u>33,375,425</u>
Working capital	<u>\$ 5,263,248</u>	<u>\$ 7,025,296</u>

In determining working capital, the following assets and liabilities have been segregated between current and non-current.

	1973		1972	
	Current	Non-Current	Current	Non-Current
i) interest bearing agreement for sale	\$ 291,667	\$ 610,252	\$ —	\$ —
ii) land held for development	2,335,767	12,881,328	2,120,760	5,026,396
iii) mortgages on houses sold	66,000	1,336,105	58,000	1,840,071
iv) deferred income taxes	1,586,985	2,561,788	1,304,458	1,732,106
v) long term debt	2,633,289	22,179,076	2,316,206	18,801,802

NU-WEST and THE COMMUNITY

Your Company believes that, in conjunction with its responsibility to its shareholders, it has an overall responsibility to the community in which it conducts its affairs. The responsibility is to improve directly or indirectly the environment and life-style of the persons who are part of, or come into contact with the Company and its operations . . . its customers, its employees, the community in general.

This responsibility is being met through a positive programme formalized as a company policy, a programme which will result in the recording of your Company's achievements in this field.

There are many examples of actions which may be credited to our social responsibility ledger.

Our customers are covered by our ten year new home warranty programme, a programme that Nu-West introduced two years ago and which was a "first" in the Canadian Homebuilding industry.

10 YEAR HISTORY (\$000)

	1973	1972	1971	1970	1969
Revenue					
Housing	\$55,496	\$50,922	\$33,193	\$24,533	\$15,786
Land	10,873	4,947	3,051	2,424	1,704
Rental	1,863	1,422	747	529	474
Other Income	1,211	654	368	228	81
	<u>69,443</u>	<u>57,945</u>	<u>37,359</u>	<u>27,714</u>	<u>18,045</u>
Cost of sales and operating expenses	62,484	55,857	35,669	25,964	16,005
	<u>6,959</u>	<u>2,088</u>	<u>1,690</u>	<u>1,750</u>	<u>2,040</u>
Equity in net income, after income taxes, of Carma Developers Ltd. and other affiliates	1,148	952	315	56	78
Non-recurring gain	85	48	—	—	—
Net income before income taxes	<u>8,192</u>	<u>3,088</u>	<u>2,005</u>	<u>1,806</u>	<u>2,118</u>
Income taxes	<u>3,454</u>	<u>975</u>	<u>819</u>	<u>895</u>	<u>999</u>
NET INCOME	<u>\$ 4,738</u>	<u>\$ 2,113</u>	<u>\$ 1,186</u>	<u>\$ 911</u>	<u>\$ 1,119</u>
Total Assets	\$89,661	\$64,884	\$48,295	\$28,825	\$18,693
Total Liabilities	<u>74,106</u>	<u>54,067</u>	<u>40,025</u>	<u>21,805</u>	<u>12,716</u>
Shareholders' Equity	<u>\$15,555</u>	<u>\$10,817</u>	<u>\$ 8,270</u>	<u>\$ 7,020</u>	<u>\$ 5,977</u>
Shares Outstanding*	1,740,110	1,697,397	1,688,097	1,671,097	1,650,000
Net Income per Share	\$ 2.72	\$ 1.24	\$.70	\$.55	\$.68
Dividends per Share	.15	.10	—	—	—
Cash Flow per Share (Restated)	3.29	2.12	1.07	.72	1.02
Shareholders' Equity per Share	8.94	6.37	4.90	4.20	3.62

Our employees, over the last several years, have worked in an environment that encourages each individual to develop to his fullest potential, and they have participated in a sound employee benefit programme.

Your Company and its staff contribute to the community in other ways including assistance to and sponsorship of community recreational facilities, community sporting endeavours such as hockey and baseball teams; and scholarships.

Your Company firmly believes that its endeavours in this field are important; that to protect the continuing interests of its shareholders business must be conducted with more than a token commitment to its moral responsibilities.



1968	1967	1966	1965	1964
\$12,922	\$11,695	\$ 8,542	\$ 5,522	\$ 3,965
158	—	—	—	—
246	143	132	116	108
155	92	74	50	32
13,481	11,930	8,748	5,688	4,105
11,781	11,287	8,472	5,600	3,990
1,700	643	276	88	115
20	29	21	—	—
1,720	672	297	88	115
820	282	88	17	28
\$ 900	\$ 390	\$ 209	\$ 71	\$ 87
\$11,846	\$ 7,056	\$ 5,134	\$ 3,479	\$ 2,136
9,830	5,940	4,409	3,068	1,875
\$ 2,016	\$ 1,116	\$ 725	\$ 411	\$ 261

*The Company became a public company in 1969 and therefore per share figures for the years 1964 to 1968 are not comparable. The number of shares outstanding at the year end assumes no dilution applicable to the convertible debenture issued during 1971.

CORPORATE DIRECTORY

Head Office

Nu-West Building,
301 - 14 Street N.W.
Calgary, Alberta T2P 1R6
Telephone: (403) 283-0711

Calgary Offices

North Calgary Administration Office:
5512 Dalhousie Drive, N.W., Calgary T3A 1B5
South Calgary Administration Office:
11807 Elbow Drive, S.W., Calgary T2W 1H1
Northeast Calgary Administration Office:
5114 Rundlehorn Drive, N.E., Calgary
Southeast Calgary Administration Office:
1965 Lytton Crescent, S.W., Calgary T2C 1K9

Edmonton Offices

Edmonton Administration Office:
11642 - 149 Street, Edmonton T5M 3R3
Sherwood Park Administration Office:
114 Groveland Road, Edmonton
West Edmonton Administration Office:
8412 - 171 Street, Edmonton T5T 0H3

Vancouver Office:

Vancouver Administration Office:
9465 - 120 Street, Delta, British Columbia V4C 6S2

Kamloops Office:

Kamloops Administration Office:
141 Victoria Street, Kamloops V2C 1Z5

HEAD OFFICE

Ralph T. Scurfield, President
John H. Shields, Vice-President, Finance
Kenneth W. Nelson, Manager, Financial Investments
Marvin W. Vandale, Director, Corporate Communications
Douglas B. Watson, Secretary & General Counsel
Garnet Wells, Corporate Comptroller

Land Division

Bruce A. Lawrence, Vice-President
Keith Maitland, Land Manager, Calgary
Douglas Bigelow, Land Manager, Vancouver
Dennis Wellar, Land Manager, Edmonton

Calgary Housing & Contracts Division

Werner D. Mross, Vice-President

Calgary Housing

Kenneth Kleefeld, Marketing Manager
Brian Hodgson, Comptroller
Jim Wolfe, Construction and Service Co-ordinator

North Division

Robert W. Hodge — Sales Manager
Rudy Wegenast — Construction Manager
William Pedersen — Service Manager

Southwest Division

Donald L. Alexander — Sales Manager
Emil F. Miklos — Construction Manager
Joseph Strathern — Service Manager

Southeast Division

Douglas Nelin — Sales Manager
James Kemp — Construction Manager

Northeast Division

Dennis Fleck — Sales Manager
Peter Vast — Construction Manager
Paul Michaud — Service Manager

Contracts Division

E. Lloyd Gregory, Manager
Wm. (Bill) Blake, Sales Director

Housing Operations, Pacific Region, Edmonton, and Saskatchewan

M. Rodney Gerla, Vice-President

Edmonton Housing Division

David E. Jenkins, General Manager
Arne Poulsen, General Construction Manager
Irven Just, Comptroller

Edmonton West:

Kenneth Bateman, Sales Manager
Larry Plamondon, Service Manager
Tom Hughes, Area Construction Manager

Edmonton East:

Russ Moysa, Sales Manager
Dick Hofstede, Service Manager
Des Mate, Area Construction Manager

Kamloops Housing Division:

Robert Cardinal, General Manager

Vancouver Housing Division

Gary D. Santini, Vice-President, Pacific Region
Jerry Tomanek, General Construction Manager
Len Reith, Marketing Manager
Ray Perell, Comptroller
Ed. Heinrichs, Manager, Special Projects

Subsidiaries and Affiliates:

Ashford Insurance Service Ltd.

Bonnie Farrow, Manager

Cairns Homes (1972) Ltd.

Roy Grozell, General Manager
Lloyd Johnson, Land Development Manager
Tom Shepherd, Comptroller
Len Schienbein, Manager, Regina
Stewart Harris, Manager, Saskatoon
Bill Blenkin, Manager, Edmonton
Fred Bishop, Manager, Red Deer

Datamation Centres (1971) Ltd.

Thomas P. Murphy, Manager, Computer Operation
Douglas G. Irving, Manager, Sales & Systems

B.A. Lawrence & Associates Ltd.

Jim Hughes, Manager

Turner Lumber & Supplies Ltd.

Ruben Rausch, Manager

PRESIDENT'S THANKS

I would like to take this opportunity to thank the members of our Board of Directors for their conscientious service and counsel over the past year. Their contribution is clearly reflected in the success of your company. I would particularly like to thank Bruce A. Lawrence who, in accordance with our policy of rotating in-house directors, is retiring from the Board.

I would also like to take this opportunity to congratulate Mr. Harvey Wolfe on his appointment to the position of President of The Oshawa Group Limited. At the same time, I regret that the commitments involved in the new position preclude his continuing to serve on the Board of Nu-West.

Ralph T. Scurfield,
President.



